

## Forward and Advanced Funding

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Trying to keep track of the federal funding issue and then to be able to make plans is difficult. What fiscal year are we in? Which Congressional action is impacting which school year? Hopefully this will help.

In terms of the Federal calendar, we are in fiscal year 2012 (FY 12). The federal mechanism that is funding the programs of the United States Department of Education is a continuing resolution that will expire on December 16<sup>th</sup>.

Now this is where it begins to get confusing. The Title I money that states and districts are using in their schools right now was from the FY 11 funding cycle. Our programs are **funded** a year **forward** so planning can occur. The term is "**forward funded**" is used to describe this process. So during the last fiscal year 11 (Oct 1, 2010 – Sept. 30, 2011) those decisions were made to allow funds to be used for school year August 2011 – June 2012.

Now a twist to the notion of **forward** funding. About 15 years ago the amount of money that the funding committee (appropriations) had to spend was limited and the Congress and the President wanted to spend more on elementary and secondary education. The idea was created that since the money being spent was really in the year ahead, they would use the allocation from that year (in the future) to fund these programs that were spending (in the future). The term for this is "advanced funding." Basically the Congress borrowed the future allocation for future spending to cover a current decision.

For Title I our current advanced **funded** portion is about \$11 billion of our \$15 billion.

Now back to the present. Funding to run most of the government, including US ED runs out on December 16<sup>th</sup>. The Congress will either: not act and the government shuts down; passes a continuing resolution to keep the government open for some period less than the balance of the fiscal year; or will pass a continuing resolution that will last the balance of the fiscal year. The terms usually used for these options are: short-term – less than the balance of the fiscal year and long-term – for the balance of the fiscal year.

What has been added to the process this year is that the Congress passed a previous short-term continuing resolution that specifically cut spending to any program that was spending money from this year's allocation. So, we saw a 1.5% cut to the part of our spending that was advanced **funded**. At first the US Department of Education said that once this cut happen and money wasn't spent because the allocation was cut that the money could not be replace. If you recall, in late September there was this cut. Now, US ED is saying that Congress could put the money back in the allocation (plus remember the 1.5% was prorated for the time of the continuing resolution).

Currently the Congress is working on the new spending plan for the current fiscal year (FY 12). The automatic spending cuts – sequestration do not take effect until next year (FY13). This means the "grand compromise" on the budget is not going to specifically impact us now. However, politics being politics it is unclear how the block of members of Congress called the tea party will play the upcoming votes. Thus the political science of the process tells us that the discussions of the super committee will not impact us; but the politics is such that all of these issues get mixed together.

So if you are feeling confused; you have an accurate picture.

**Tags:** appropriations funding